

## No. 280

## AN ACT

## HB 2515

Amending the act of July 12, 1972 (Act No. 185), entitled "An act providing debt limits for local government units, including municipalities and school districts; providing the methods of incurring and evidencing debt; defining the powers and duties of the Department of Community Affairs with respect thereto; exercising the inherent legislative authority of the General Assembly by providing additional over-all limitations on the incurring of lease rental and other obligations for the acquisition of capital assets to be repaid from the general tax revenues of such local government units; imposing duties upon the officers in charge of the recording of deeds, imposing penalties for filing false or untrue statements or refusing to give information with respect to proceedings for the incurring of debt; and conferring jurisdiction on the Commonwealth Court with respect to certain proceedings relating to the incurring of debt," further providing for approval to fund unfunded debt and harmonizing language, clarifying provisions relating to tax anticipation notes and partially repealing the requirement to pay and providing for refunds of certain filing fees.

The General Assembly of the Commonwealth of Pennsylvania hereby enacts as follows:

Section 1. The title, act of July 12, 1972 (Act No. 185), known as the "Local Government Unit Debt Act," is amended to read:

## AN ACT

Providing debt limits for local government units, including municipalities and school districts; providing the methods of incurring **[and]**, evidencing, *securing and collecting* debt; defining the powers and duties of the Department of Community Affairs *and certain other public officers and agencies* with respect thereto; exercising the inherent legislative authority of the General Assembly by providing additional over-all limitations on the incurring of lease rental and other obligations for the acquisition of capital assets to be repaid from the general tax revenues of such local government units; **[imposing duties upon the officers in charge of the recording of deeds,]** imposing penalties for filing false or untrue statements or refusing to give information with respect to proceedings for the incurring of debt; and conferring jurisdiction on the Commonwealth Court with respect to certain proceedings relating to the incurring of debt.

Section 2. Section 505 of the act, amended October 3, 1972 (Act No. 206) and October 11, 1972 (Act No. 214), subsection (b) of section 511 and section 803 are amended to read:

Section 505. Security for Tax Anticipation Notes; Sinking Fund.—All tax anticipation notes shall be secured by the pledge of, and a first lien and charge on, the taxes and revenues of the local government unit to be received between the first day of the month next following the date of the delivery of such tax anticipation notes to the first purchasers thereof and the last stated maturity date

of such notes. Such pledge, lien and charge shall be fully perfected as against the local government unit, all creditors thereof, and all third parties in accordance with the terms of such resolution from and after the filing thereof in the office for the recording of deeds in and for the county in which such local government unit is located notwithstanding the provisions of any other law. Unless otherwise provided in the tax anticipation notes, eighty-five per cent or such lesser percentage of anticipated *taxes and* revenues as was borrowed *plus an added percentage to provide for estimated net interest to maturity* of all moneys collected after such first day of the month shall be paid into a separate sinking fund for the tax anticipation notes to be held by a bank or bank and trust company authorized to do business in the Commonwealth of Pennsylvania as sinking fund depository, until the amount held in the sinking fund including any interest to be earned thereon shall equal the principal of and the interest remaining to be paid upon the outstanding tax anticipation notes. The terms of the tax anticipation notes may provide for the payment of specific sums into the separate sinking fund for the tax anticipation notes on specified dates in amounts sufficient to provide moneys for the payment of the principal of and the interest on such tax anticipation notes as the same shall fall due; but no such specified **[payment]** *payments in the aggregate* shall be in an amount larger than eighty-five per cent *plus an added percentage to provide for estimated net interest to maturity* of the *taxes and revenues* estimated to be collected in such fiscal year on and after the date **[for such payment.]** *of the notes and before the date of the last of such payments.* Such specified amounts shall on such dates be paid into the separate sinking fund by the treasurer of the local government unit. In default of such payment, all tax moneys and revenue thereafter received by the local government unit shall be paid into such separate sinking fund, until such sum shall have been paid in full. Such obligation shall be specifically enforceable by the sinking fund depository for the benefit of the holders of the tax anticipation notes.

The *holder of such tax anticipation notes issued by a first class school district or the sinking fund depository of the applicable sinking fund therefor shall have the right to enforce such* pledge of, and first lien and charge on, the taxes and revenues of **[a]** *the first class school district [which secures such tax anticipation notes as provided in this article shall be enforceable]* against all State and local public officials in possession of any of such taxes and revenues at any time **[and]** *which* may be collected directly from such officials upon notice by **[any]** *such holder [of such tax anticipation notes] or depository* for application to the payment thereof as and when due or **[by any sinking fund depository]** for deposit in the applicable sinking fund at the times and in the amounts specified in such tax anticipation notes. Any State or local public official in possession of any of such taxes and revenues shall make payment, against receipt therefor, directly to **[any]** *the* holder of such tax anticipation notes or to such depository upon such notice and shall thereby

be discharged from any further liability or responsibility for such taxes and revenues. If such payment shall be to a holder of tax anticipation notes, it shall be made against surrender of the notes to the payor for delivery to the first class school district in the case of payment in full, otherwise it shall be made against production of the notes for notation thereon of the amount of the payment. The provisions of this paragraph with respect to the enforceability and collection of taxes and revenues which secure tax anticipation notes of a first class school district shall supersede any contrary or inconsistent statutory provision or rule of law. This paragraph shall be construed and applied to fulfill the legislative purpose of clarifying and facilitating temporary borrowings by a first class school district by assuring to holders of tax anticipation notes the full and immediate benefit of the security therefor without delay, diminishment or interference based on any statute, decision, ordinance or administrative rule or practice.

Section 511. Approval by Department.—\* \* \*

(b) Applications to the department shall be upon such notice to the taxpayers of the local government unit as the department shall [by regulation,] prescribe. The [regulations] *department* shall also provide opportunity to any interested taxpayers to submit relevant facts to the department. Appeals from action of the department shall be taken as provided in Article IX of this act.

Section 803. Fees for Filing[; Extra Fees for Late Filings].—Every [timely] filing with the department shall be accompanied by a filing fee of fifteen dollars (\$15). [and every late filing shall be accompanied by an additional late filing fee of one hundred dollars (\$100) a day up to a maximum of eight hundred eighty-five dollars (\$885). In the case of filings for new series of bonds or notes or with respect to lease rental debt the filing shall be accompanied by an additional fee of one mill on each dollar of aggregate principal amount of the debt to be incurred by such series or under such lease or other agreement by the local government unit up to the first one million dollars (\$1,000,000) of aggregate principal amount, three-quarters of a mill on each dollar of aggregate principal amount in excess of the first one million dollars (\$1,000,000), up to ten million dollars (\$10,000,000) and one-quarter of a mill on the excess over ten million dollars (\$10,000,000).] No submission shall constitute a filing until the proper fee is paid. All fees received hereunder shall be paid by the department into the State Treasury through the Department of Revenue.

Section 3. This act shall take effect immediately and shall be retroactive to the effective date of the Local Government Unit Debt Act. All fees paid into the State Treasury by a local government unit pursuant to that part of section 803 hereby repealed shall be refunded to such local government unit.

APPROVED—The 30th day of November, A. D. 1972.

MILTON J. SHAPP

The foregoing is a true and correct copy of Act of the General Assembly  
No. 280.

A handwritten signature in black ink, reading "C. McLaughlin Tucker". The signature is written in a cursive style with a large initial "C" and a prominent "T" at the end.

*Secretary of the Commonwealth.*